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The Director of Central Intelligence  
Washington, D.C. 20505

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7 May 1985

National Intelligence Council

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Graham E. Fuller  
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SUBJECT: The US-Soviet Struggle for Influence in Tehran

1. An extraordinary aspect of the present Gulf war is the fact that--for the time being only--both the US and the USSR are on the same side of this strategic conflict. The reason for this unusual situation is that both the US and the USSR are, for the moment, shut out of opportunities for a major voice in Iran. But this situation cannot persist indefinitely. Sooner or later either the US or the USSR may win the "race to Tehran."

2. It is extremely important that the US monitor the course of Soviet-Iranian relations to gauge Moscow's progress. But the US position seems roughly akin to someone lying immobilized watching a snake crawl towards him: we know the snake is coming, it's just a matter of time. The critical issue is whether we can do anything about it. We know that the USSR views Iran as "the prize" in the Gulf. Moscow will improve relations when and where it can in accordance with its interests until it can gain major influence in that state.

3. The disturbing possibility is that the USSR is far more likely than the US to be first in finding opportunities to improve its ties with Iran. Several factors are of particular significance.

- The US arms embargo. If the US arms embargo to Iran is highly successful and succeeds in choking off most military aid to Iran--especially of a strategic nature--it will provide the Iranians with little alternative except to turn to the Soviet Bloc for such strategic items. US policy faces a dilemma in that we do not wish to perpetuate the Iranian capability to continue the war. But there would also be much benefit if some alternative Western sources of arms (such as UK, Israel, China, Brazil, and Argentina) could get a foot in the door in order to exclude Soviet monopoly of this field.

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- The USSR is in a good position with its diplomatic and technical missions in Tehran to improve ties at its own leisure. The USSR probably feels it can drive a hard bargain with the Iranians to improve relations since the Soviets are faced with little other competition--especially from the US right now. If the Soviets were to fear a possible American breakthrough with the Iranians they would probably move much faster and in a more conciliatory way toward Iran in order not to lose out in the game.
- The Soviets seemingly are in a better position to threaten Iran (both from the north as well as from Afghanistan), have long-time ties with left-wing Iranian movements and exiles, and have major ability to provide some relief to Tehran by turning down the arms flow to Iraq.

4. As of the time being I do not see signs of a major Soviet breakthrough. The Soviets will not wish to gratuitously damage relations with Iraq without promise of major gain on the Iranian side. But we cannot predict when Iran will feel it is moving into a situation of real economic and military desperation--perhaps prompted by growing Iraqi military pressure--that require it to cast around for options to improve its position. This point will probably come sooner or later. The US must decide how it can exert leverage in such a situation.

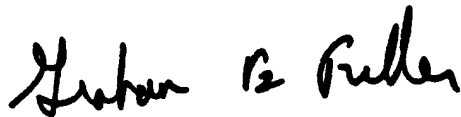
5. At the least, Iran will probably wish to normalize its present poor state of relations with the Soviet Union. Outright hostility toward Moscow does Tehran very little good. It can hope that Moscow would be less supportive of Iraq and more flexible on Soviet Bloc arm sales to Iran. A major about-face in Soviet-Iranian relations would be unlikely, however, as long as Moscow is not willing to provide strategic weapons systems and Iran is unwilling to pay the political price. Once a real warming of relations takes place between the two countries, however, it will already be too late for the US to do anything about it.

6. US Options. There are only two major areas in which the US could seemingly affect Iranian attitudes and behavior, one positive and one negative.

- In a positive sense, the US could encourage a far greater Western role (including Japan) in Iran. This would have the effect of giving the West a major foot in the door and hopefully, eventually, strengthen moderate forces. It would probably have to include some flexibility on sales of major weapons to Iran. This is an extremely tricky area since we do not wish to assist Iran to win the war either.

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- Yet an Iranian victory seems rather unlikely at present and modest improvements in Iranian military capabilities--especially long-range ones--would not seem to decisively affect the present war. Assuming that the war will wind down considerably upon Khomeini's death, it might not be too soon to consider some Western relaxation in this area. A desperate Iran which turns to the USSR before Khomeini's death could come about before the West ever has a chance to consolidate its position in that country. Timing is of the essence and the alternatives are very difficult.
  - The depressing fact is that support for terrorism on the part of a small band of radicals within the Iranian regime is more likely to determine US-Iranian relations than anything else. If such attacks on the US guarantee US response on Iran proper, then the initiative no longer rests with us. Furthermore, radical groups may actively seek such confrontation with the US in the hopes that it would once again radicalize the Iranian internal scene as it did during the hostage crisis and lead to another radical victory in a period of struggle for power. This scenario seems to present the US with almost a no win situation, but must be thought through if we seek levers for influence (or non-influence) in the upcoming Iranian struggle for power.
7. In short, time may be already running out for the US to try to take some step to blunt Soviet opportunities when time might appear to be on their side. Events in Tehran are moving towards a crucial denouement with Khomeini's death--or even before he dies--during which the US-Soviet struggle for major influence in Tehran may be decided. It is possible that moderates could win out in the end. But a weakening and increasingly chaotic regime is not the best formula for the emergence of moderation.



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